

# FISCAL NOTE

**Bill #:** HB0151 **Title:** Waive some university tuition for K-12 teachers' continuing education credits

**Primary Sponsor:** Galvin-Halcro, K **Status:** As Amended in House Education Committee

Sponsor signature	Date	David Ewer, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2006 Difference</u></b>	<b><u>FY 2007 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$41,000	\$82,000
MUS Funds	\$54,300	\$108,600
<b>Revenue:</b>		
General Fund	\$0	\$0
MUS Funds	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	<b>(\$41,000)</b>	<b>(\$82,000)</b>

- |   |   |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input checked="" type="checkbox"/> Technical Concerns            |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input checked="" type="checkbox"/> Needs to be included in HB 2  |

## Fiscal Analysis

### ASSUMPTIONS:

1. The waiver is permissive to the Board of Regents, not mandatory.
2. Board of Regents policy (940.13) governs the execution of this waiver.
  - a. *Continuing Education programs. No fee waivers will be granted for any course or program which is supported solely by fees generated. A regularly enrolled student who has received a fee waiver and who chooses to enroll in a self-supporting course will be required to pay the normal fees for the self-supporting course.*
3. The fee waiver therefore would apply only to regular state supported courses. Continuing education credits are not subject to fee waiver.
4. The Office of Public Instruction reports that in calendar 2005, the educator licenses of 3,250 Montana residents will expire and be up for renewal. Of these 3,250 residents, 2,341 residents hold a Class 2 educator license (a standard teaching license), which requires semester credits for renewal. A holder of a Class 2 license is required to earn 3 semester credits in a five-year period in order to renew their license. OPI estimates that one-third of all Class 2 license holders have been teaching for 10 years or less.

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5. Additional administration will be necessary for the Montana University System to coordinate and track the fee waivers and eligibility for accrual for the teachers in the state, but this cost will be absorbed by the current operation.
6. 50% of teachers would continue to take continuing education courses because it is cheaper than regular state supported classes, even with a waiver.
  - a. At UM Missoula, for example, each continuing education credit is \$115 per credit. Three credits of continuing education would be \$345.00. A 3-credit graduate level, state supported class at UM, even with 1 credit of tuition waived, is currently \$461.25.
  - b. Most continuing education classes, at least at The UM Missoula (97%), are paid for by a sponsoring agency. Therefore, the cost is not borne directly by the teacher.
7. Average (UM/MSU) tuition only at 1 graduate credit, is \$176 per semester.
8. Of the Class 1 and Class 2 license holders that are living and working in Montana only 50% would opt to take regular state-supported classes that are eligible for a fee waiver.
9. The total annual cost, in the first year, to the University System is calculated at 542 (3,250\*33% \* 50%) eligible teachers times \$176 tuition per credit, or \$95,300. Funding for current unrestricted expenditures are usually split between general fund and tuition.
  - a. The state would pay for the general fund portion of the waivers (43%), \$41,000 based upon current present law funding.
  - b. The balance of the cost would be borne on other students (57%) \$54,300.
  - c. This amount would double in the second year as additional educator licenses expire.

### FISCAL IMPACT:

#### Montana University System

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Expenditures:</u>		
Fee Waivers	\$95,300	\$190,600
<u>Funding of Expenditures:</u>		
General Fund (01)	\$41,000	\$82,000
MUS Funds (31)	\$54,300	\$108,600
<u>Revenues:</u>		
General Fund (01)	\$0	\$0
MUS Funds (31)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$41,000)	(\$82,000)
MUS Funds (31)	(\$54,300)	(\$108,600)

### LONG-RANGE IMPACTS:

Because the benefit may accrue up to 5 years, the fee waiver costs could accrue significantly into the future.

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(continued)

TECHNICAL NOTES:

1. Many Montana educators earn semester credits from out of state colleges and universities that offer distance-learning programs in Montana. Some common examples are Lesley College, the University of Phoenix and Walden University.